

**BANK OF NAMIBIA**  
**BANKING INSTITUTIONS ACT**  
**CIRCULAR – BIA 2/02**

**TO:** **ALL BANKING INSTITUTIONS**

**DATE:** **5 JUNE 2002**

**SUBJECT:** **MONEY LAUNDERING**

**I. Background**

Money laundering is the conversion or transfer of money, knowingly or through negligence, with the intent of disguising or concealing the true origin of the money. Money laundering enables criminals, especially drug traffickers, to conceal or transfer the proceeds of unlawful activities and to finance future illegal -- and also legal -- activities. Money laundering is a criminal offence.

Money laundering is a worldwide problem, which affects all countries and all economies regardless whether emerging, transitional, or fully developed. Sophisticated electronic technology, the increasing globalisation of financial systems, and the sheer volume and speed of cross-border funds transfers facilitate money laundering. The risk is in being able to disguise the source and ownership of funds. Criminals reduce that risk by hiding behind bank secrecy laws and by operating in jurisdictions where regulations are minimal or not vigorously enforced because supervisory authority or capacity is weak.

International organizations including the United Nations, the European Union and the Financial Action Task Force of G-7 countries have been working for several years to strengthen detection measures and curtail money-laundering activities. The Governments of Namibia and its neighboring countries also have placed a high priority on assuring that the region is not used as a base for money laundering activities.

**II. Purpose**

This Banking Circular has four main purposes:

- (1) to address the issue of money laundering on an interim basis until such time as definitive legislation is enacted;
- (2) to provide guidance regarding the prevention, detection and control of possible money laundering activities; and
- (3) to remind boards of directors and managements of financial institutions of their responsibility to establish appropriate policies and procedures and train staff to assure adequate identification of customers and their sources of funds; and
- (4) to complement BID 3.

### **III. Substance**

#### **A. Interim measures.**

Until such time as definitive legislation relating to money laundering activities is enacted, boards of directors of financial institutions operating in Namibia will be expected to do the following:

- (1) formulate and adopt written policies and procedures and also train staff to assure the effective prevention, detection and control possible money laundering activities
- (2) obtain and maintain proper identification of customers wishing to open accounts or make transactions whether directly or through proxy;
- (3) obtain and maintain adequate records regarding the sources of funds and details of transactions to i) enable the identification of unusual or suspicious transactions, and ii) reconstruct individual transactions.
- (4) submit to the proper authorities a report of any suspicious transactions or activities, which may indicate money laundering or other attempts to conceal the true identity of customers or ownership of assets.

#### **B. Customer identification.**

The following types of information will be considered the minimums acceptable for determining the true identity of customers wishing to open accounts or make transactions whether directly or through proxy:

- (1) for **personal** accounts or transactions –
  - (a) nationality and date of birth evidenced by photo ID, national passport or national identity document or certified copy thereof;
  - (b) verified address of current residence;
  - (c) verified employment and/or source(s) of income; and
  - (d) where applicable, written confirmation from customer's prior bank attesting to customer's identity and history of account relationship.
- (2) for **corporate, partnership, sole trader**, etc. accounts or transactions –
  - (a) certified copy of A Certificate of Incorporation, Partnership Agreement, Memorandum and Articles of Association or other similar documentation evidencing legal status;
  - (b) certified copy A Board Resolution stating authority to open accounts, transact business, and borrow funds, and designating persons having signatory authority therefore;
  - (c) verified identity and address of the chairman of the board of directors, the managing director, and all principal shareholders for a corporation, or the general partner and at least one limited partner for partnerships, or the principal owner for sole traders, etc.;
  - (d) audited financial statements (last full year at minimum, last three years preferred) for corporation; for partnerships, sole traders, unaudited statements may be substituted upon prior written approval of a senior management official of bank;
  - (e) where applicable, written confirmation from customer's prior bank attesting to customer's identity and history of account relationship.
- (3) for **minors** –
  - (a) nationality and date of birth evidenced by photo ID, national passport or national identity document or certified copy thereof; or written confirmation thereof certified as true and correct by legal parent or guardian;
  - (b) verified address of current residence of minor and also of legal parent or guardian.

### **C. Legitimacy of funds and transactions.**

The following types of information will be considered the minimums acceptable for determining the legitimacy of funds and transactions:

- (1) for large, frequent or unusual **cash deposits or withdrawals** - written statement from the customer confirming that the nature of his/her business activities normally and reasonably generates substantial amounts of cash;
- (2) for large, frequent or unusual **currency exchanges** - written statement from the customer confirming the reason and need for acquired currencies;
- (3) for **multiple or nominee accounts**, or similar or **related transactions** - written statement from the customer confirming the reason and need for multiple or nominee accounts, or similar or related transactions;
- (4) for large, frequent or unusual **transfers or payments of funds** - appropriate documentation as to the identity of the recipient (or sender) of the transferred or paid funds, and the reason underlying the transfer or payment;
- (5) for large or unusual **investments** or requests for **advice or services** - written statement from the customer confirming that the investments or advice or services being requested are bona fide and consistent with the goals and objectives of the customer's reasonable and normal business activities;
- (6) for large or unusual **foreign transactions** - written confirmation from the customer indicating the nature, reason and appropriate details of the foreign transactions sufficient to determine the legitimacy of such transactions.

### **D. Suspicious activities.**

The following types of activities or transactions may indicate possible money laundering activities (list is not all-inclusive):

- (1) **account activity** (e.g. large, frequent or unusual deposits, withdrawals, payments or exchanges of cash, foreign currency or negotiable instruments) which is not consistent with or reasonably related to the customer's normal business activities or financial standing;
- (2) use of **multiple or nominee accounts**, or similar or related transactions which are not consistent with the customer's normal business activities, financial standing, or indicated reasons therefore;
- (3) **consolidation** of multiple smaller accounts at several institutions within same locality prior to request for onward transmission of funds elsewhere;
- (4) reluctance to provide **reasonable information** and documentation when opening an account or in connection with a requested transaction, investment or advice or service, or the providing of information which is unreasonably difficult or expensive to verify;
- (5) transactions or account activity, including transfers of funds abroad or use of foreign travel and trade-related instruments, where the use or involvement of funds is not consistent with the customer's normal business activities, financial standing, or indicated reasons therefore, or where the destination country is a known or suspected **tax haven** or drug trafficking country;
- (6) unusual **safe deposit box** activities such as placement or withdrawal of bulky or sealed packets;
- (7) requests by a customer to provide/arrange/participate in **credit facilities** where the source of the customer's contribution is unclear, not consistent with normal business activities or financial standing, or involves real property;

- (8) matching of cash deposits/withdrawals with payments or transfers out/in;
- (9) deposits of large **third-party cheques** endorsed in favour of customer;
- (10) large or unusual activity in **dormant/inactive** accounts.

#### **E. Reporting suspicious activities or transactions.**

If the board of directors, management or staff of a financial institution become aware of suspicious activities or transactions which indicate possible money laundering activities, the board shall ensure that a **Suspicious Activities or Transactions Report (SATR)** is submitted to the Bank of Namibia, Bank Supervision Department, [and the criminal prosecuting authority] within five (5) business days. The report shall provide sufficient details regarding the activities or transactions so that regulatory authorities can properly investigate and, if warranted, prosecute the activities. [A form for reporting suspicious activities/transactions is attached to this Circular. Annexure C in BID-3 is replaced by Form SATR and therefore does not need to be submitted.]

#### **F. Confidentiality of information.**

Banking institutions which obtain or become aware of information which is suspicious or indicates possible money laundering activities shall not disclose such information except to report it to the proper authorities as required at paragraph A (4) above.

#### **G. Disclaimer.**

While the Bank of Namibia, through this Banking Circular, has attempted to provide appropriate guidance relative to the prevention, detection and control of money laundering activities, it remains the primary responsibility of a financial institution's board of directors and management to assure proper identification of customers and their sources of funds.

The Bank of Namibia shall not be liable for any loss, which results from a failure on the part of any financial institution to prevent, detect, or control money-laundering activities. Further, efforts to adopt and implement the substance of this Banking Circular shall in no way relieve a financial institution, its directors, officers or staff from prosecution, penalty or financial responsibility for losses suffered by any person as a result of criminal money laundering activities.

**E I MERORO  
SENIOR MANAGER**

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**Attachment:** Suspicious Activities or Transactions Report (SATR)

<b>Suspicious Activities or Transactions Report (SATR)</b>		
<b>Submit to:</b> BANK of NAMIBIA, Bank Supervision Department Always complete entire report; attach additional pages if necessary to explain situation fully.		
1. Tick appropriate box: a. <input type="checkbox"/> Initial Report   b. <input type="checkbox"/> Corrected Report   c. <input type="checkbox"/> Supplemental Report		
<b>Part I</b>	<b>Information About Financial Institution Submitting This Report</b>	

2. Name of Financial Institution
3. Address of Head Office
4. Address of Branch(es) where activity/transactions occurred
5. Total assets of Financial Institution (most recent quarter-end)
6. If Institution closed or placed under statutory management, indicate date (DDMMYY): ___ / ___ / ___
7. Account number(s) affected, if any:

#### **Part II Information About Person or Entity Engaging In Suspicious Activities or Transactions**

8. Surname (or Name of Entity)	9. First Name	10. MI
11. Address		
12. Date of Birth / Incorporation (DDMMYY): ___ / ___ / ___	13. Nat'l Identity No.	
14. Occupation or Business:		
15. Identity verified by: a. <input type="checkbox"/> Passport b. <input type="checkbox"/> National ID Card c. <input type="checkbox"/> Other _____ d. Number _____ e. Date & Place Issued _____		
16. Relationship to this Financial Institution: (tick all that apply) a. <input type="checkbox"/> Accountant d. <input type="checkbox"/> Attorney g. <input type="checkbox"/> Depositor j. <input type="checkbox"/> Officer b. <input type="checkbox"/> Agent e. <input type="checkbox"/> Borrower h. <input type="checkbox"/> Director k. <input type="checkbox"/> Shareholder c. <input type="checkbox"/> Appraiser f. <input type="checkbox"/> Broker i. <input type="checkbox"/> Employee l. <input type="checkbox"/> Other _____		
17. Is suspected affiliated with this institution? a. <input type="checkbox"/> Yes b. <input type="checkbox"/> No. If no, specify: c. <input type="checkbox"/> Resigned d. <input type="checkbox"/> Suspended e. <input type="checkbox"/> Terminated		
18. Date of Resignation, Suspension, Termination (DDMMYY) ___ / ___ / ___	19. Admission/Confession: a. <input type="checkbox"/> Yes b. <input type="checkbox"/> No	

#### **Part III Information About Suspicious Activity or Transaction**

20. Date of suspicious activity or transaction (DDMMYY) ___ / ___ / ___	21. Amount Involved N\$ _____
22. General description of suspicious activity or transaction: a. <input type="checkbox"/> Large cash deposit(s) e. <input type="checkbox"/> Large deposit from abroad b. <input type="checkbox"/> Large cash exchange(s) f. <input type="checkbox"/> Large transfer to abroad c. <input type="checkbox"/> Large cash payment(s) g. <input type="checkbox"/> Large transfer to domestic bank d. <input type="checkbox"/> Large cash withdrawal(s) h. <input type="checkbox"/> Large transfer from domestic bank	
23. Has suspicious activity or transaction had material impact on or otherwise adversely affected the financial soundness of this institution? a. <input type="checkbox"/> Yes b. <input type="checkbox"/> No If yes, describe impact:	
24. Has financial institution's insurer or bonding company been notified? a. <input type="checkbox"/> Yes b. <input type="checkbox"/> No If yes, when & how?	
25. Has any law enforcement authority already been notified in any manner? If so, indicate following: a. Authority _____ b. Specific person notified: _____ c. How notified _____ d. Details provided: _____	

#### **Part IV Information About Witness(es) to Suspicious Activity or Transaction**

26. Surname	27. First Name	28. MI
29. Address		
30. Date of Birth (DDMMYY): ___ / ___ / ___	31. Nat'l Identity No.	

32. Position or title in this institution:	33. Interviewed: a. <input type="checkbox"/> Yes b. <input type="checkbox"/> No
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<b>Part V Who Prepared this Report?</b>		2
34. Surname	35. First Name	36. MI
37. Position or title in this institution:	38. Signature	39. Date (DDMMYY)
<b>Part VI Who to Contact? (if different from Preparer Information in Part V)</b>		
40. Surname	41. First Name	42. MI
43. Position or title	44. Agency	45. Phone No.

**Use space below for additional information or details:**